

USAID/Jordan

Annual Report

FY 2005

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Please Note:

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Jordan

Performance:

Background: Jordan continues to play a vital role in the Middle East as both a key U.S. ally in the war on terror and a model of reform for the rest of the Arab world. This role is enhanced by the strong will and dynamism of King Abdullah II, who has ensured that major reform initiatives in all sectors are creating a better future for all Jordanians.

This future is already being realized as Jordan transforms itself into a hub of dynamic economic, social and political reform. In this regard, Jordan's commitment to economic reform has made possible steady GDP growth rates over the past five years with a robust 7.2% growth for the first three quarters of 2004. New jobs are being created, and educational and training programs are being restructured to meet market demands. High population growth is declining as the Jordanian government and NGO sector promote modern family planning. New management schemes are being adopted to address the demands placed on Jordan's scarce water resources. Governance reforms are a new priority for the GOJ.

Several initiatives launched by the GOJ and supported by USAID/Jordan have been instrumental in achieving these remarkable results. First, the GOJ's Education Reform for the Knowledge Economy (ERfKE) program represents a major initiative to address the country's future human capacity requirements through improved early childhood, primary, and secondary education. Second, in October 2003, the GOJ initiated an ambitious set of political reforms aimed at promoting greater press freedom, decreased corruption, and promote greater civil society participation in the public realm, known as Jordan First. Third, the GOJ's Social and Economic Transformation Plan (SETP) focuses on economic reform through private sector development, poverty alleviation, human resource development and health care reform.

U.S. Interests and Goals: USAID's programs directly supports USG foreign policy goals for the Middle East, as expressed in the Embassy's Mission Performance Plan (MPP), and USAID's and the State Department's White Paper. The White Paper goal of supporting strategic states is directly reflected in USAID/Jordan's assistance program. Also, the Mission addresses MPP priorities focusing on terrorism, economic growth, democratic practices, health care, and water supplies. Of special importance, the two highly critical U.S. foreign policy and Congressional priorities of democracy and education are prominent in our social sectors program.

USAID programs address all these USG priorities, as detailed below in the performance section. Promoting economic growth by strengthening Jordanian businesses through technical assistance and policy reform is key to our program. A significant part of this effort is devoted to increasing bilateral trade and investment between the United States and Jordan. USAID also is funding several major water and wastewater construction projects which will increase water availability and encourage the reuse of reclaimed water to relieve the burdens on limited fresh water resources. These projects will also help mitigate potential regional disputes over scarce water supplies. Through its health portfolio, USAID is improving primary health care services in the public, private, and NGO sectors, as well as improving the public sector's health policies and systems and promoting healthy lifestyles. USAID assistance to the education sector includes programs that spur entrepreneurship and education geared to job-market needs among young people, with a particular emphasis on women. To support the rule of law, USAID initiated a program in 2004 to modernize Jordan's court system and strengthen Jordan's sole judicial training institute. In addition, USAID/Jordan coordinates closely with the Middle East Partnership Initiative (MEPI) in Jordan by developing linkages and synergies to enhance the impact of our programs. USAID/Jordan's new focus on public outreach is working to create an understanding of the benefits that the USG brings to Jordan through the USAID program by holding community forums, running newspaper

and radio ads, and sending e-mail shots. Finally, it is important to note that all these activities serve to combat terrorism by helping make Jordan a stable and peaceful country with a bright future for all its citizens.

Challenges: Jordan has achieved great successes over the past few years, but the road to these successes has not been smooth. The country still faces serious political and economic challenges both nationally and regionally. First, Jordan's growing population has now reached 5.29 million and the population growth rate of 2.5 percent means that population will double by 2026. This problem is exacerbated by weaknesses in the health care system, which does not provide families with adequate reproductive health care services. Second, the few-existing early childhood education services are delivered to the upper classes, increasing the learning gap between rich and poor. Third, although literacy rates are high at 90 percent, most schools do not provide students with the skills they need to find work in a modern economy. Fourth, anticipated population increase will place a tremendous strain on Jordan's limited water resources. Fifth, unemployment rates are still high at 12.5 percent. Coupled with the fact that 61 percent of Jordan's population is under 25, this fact means that economic growth must maintain an extremely swift pace to ensure that the standard of living for this young population can be maintained and improved.

Donor Relations: Total development assistance for Jordan reached \$488 million in 2004, with USAID as the country's largest donor. The European Union is the second most important donor in Jordan. Specifically, USAID is the lead donor in the water sector, and manages the UN Donor/Lender Water Group. Germany and Japan are the second and third largest bilateral donors in water. In education, USAID also leads donor efforts, with the Germans and the Canadians the second largest donors in this sector. USAID is the sole donor on the Ministry of Education's steering committee to set educational policy. In health, USAID is the only major donor providing assistance for improvements in the sector. In democracy, as the primary donor with the European Union, USAID plays a leadership role on the UN donor/lender committees for social development and public sector reform. The British and other European countries also contribute to the democracy sector. Finally, USAID is the lead donor in economic growth, with the European Union being the second largest donor. Technical groups in public sector reform, microfinance, labor, and poverty closely coordinate donor programs.

Key Achievements: FY 2004 marks the first year of USAID/Jordan's new Country Strategy. The Mission continued successful programs implemented under the old strategy while developing new programs to address emerging challenges and opportunities. Significant gains were made this year: setting the stage for increasing water supplies and using existing water supplies better; improving economic opportunities for all Jordanians through private sector development; fostering the democratic process; improving Jordan's educational system through ICT; enhancing early childhood education; and, improving primary health care and maternal health. These successes are due, in great part, to the strong commitments of the Jordanian Government, the private sector, and the NGO community in Jordan.

In the water sector, USAID funds five major construction projects to increase water supply and to improve the use of existing water resources. Our three major capital investment projects will increase potable supplies by more than 40 percent in Amman and 15 percent in Aqaba. Also, our wastewater treatment plants will provide additional reclaimed water for use in irrigation and industry. These projects will improve access to clean water and sanitation for approximately two million Jordanians of all ages. Further, to promote conservation of water, USAID retrofitted 60 percent of the large water consumers with water-saving devices, resulting in savings in water and reductions in water bills for those entities. Work is also underway to increase water use efficiency in farming. Reclaimed water use initiatives have demonstrated the safe and practical use of treated wastewater for irrigation, industry and landscaping.

Protection of the environment has also been targeted through USAID projects. Initiatives focused on watershed protection through watershed zoning, increasing public awareness, and improving maintenance of water treatment facilities. Medical and hazardous waste programs have also been successful in enhancing management practices and raising public awareness. These activities protect groundwater from contamination and allow agricultural re-use of reclaimed water under acceptable public health standards.

In health, USAID implemented several key activities as building blocks for expected reform. We supported the rehabilitation of 75 percent of Jordan's public primary health care centers, improved the quality of service delivery, and expanded the availability of family planning/reproductive health and primary health services and information in all 12 governorates. Combined with new USAID-designed management systems, these activities have produced dramatic improvements in the health sector including an 8.5 percent increase in the national contraceptive prevalence rate, and a strengthened disease surveillance system.

In education, USAID assistance has been pivotal to re-orienting Jordan's education system. So far, USAID trained all public sector secondary school ICT teachers on a revamped curriculum, developed Jordan's National Education Strategy, and initiated key ICT pilots to hasten the adoption of ICT equipment in classrooms. USAID also supported the connection of more than 30 public schools to broadband internet, and provided related ICT equipment. To expand early childhood education services in public schools for the poor and marginalized, USAID piloted four public kindergartens (KG), supported their renovation, and trained 200 early childhood education educators in new curriculum and modern teaching methods. These efforts are expected to provide the first early childhood education services to the public sector to accommodate 5,000 students. Furthermore, through USAID's INJAZ program modeled after the American Junior Achievement program, 27,117 school and university students were trained in entrepreneurship skills to provide them with alternative career options. These initiatives respond directly to the education sector reform goals set out in GOJ's national education program.

Governance activities focus on strengthening the rule of law, enhancing Parliamentary infrastructure, supporting stronger ties between Parliament and civil society, and improving the status of women. USAID's flagship rule of law program adapted and installed an Arabic language automated case management system in Jordan's New Palace of Justice, which manages more than 55 percent of judicial activity in the country. To date, legal professionals and judges trained on the new system entered all pending cases, thus improving court efficiency and transparency. Finally, USAID will train Parliament members in the review and revision of laws to supplement the electronic voting system provided in December 2004. USAID is supporting a possible new activity in local governance reform by helping develop Jordan's National Decentralization Strategy.

Due to the GOJ's commitment to economic reform and private sector expansion, USAID-supported economic opportunities activities achieved remarkable results. The number of companies registered increased by 19 percent, and foreign and domestic investment increased by 11 percent over last year, largely due to USAID's assistance in business registration, standardizing procedures, firm-level assistance, and Free Trade Agreement (FTA) and Qualified Industrial Zone (QIZ)-related business linkages. Firm-level assistance to Jordanian firms resulted in a dramatic three-fold increase from last year with over \$21.5 million in exports through 405 transactions. USAID's efforts to improve investment policies and regulations are helping policymakers get better access to timely information required for making trade policy and border management decisions, both of which have been identified as obstacles to trade by Jordan's trading community. Strengthening the central bank and securities and depository institutions resulted in an increase in the stock exchange's market capitalization to \$17 billion in 2004, a 41 percent increase over 2003. This increase helps spread wealth throughout Jordanian society while channelling excess liquidity into the private sector. Another noteworthy success for USAID efforts is reflected in the number of microfinance borrowers, which has reached around 23,000 annually (a 44 percent increase over last year) and grown ten-fold in eight years.

Other USAID efforts in the economic arena have led the rebirth of the port city of Aqaba. Efforts in 2004 continued to build the capacity of the Aqaba Special Economic Zone Authority (ASEZA) to assist with the establishment of ASEZA's development arm, the Aqaba Development Corporation (ADC). Reforms of laws and improvements in governance have been instrumental in achieving \$2.3 billion in cumulative investment flowing into Aqaba during the past four years. Another focus of USAID's activities in Jordan has been the development of the information & communications technology (ICT) sector as a key source of economic growth. To date, these activities have resulted in a secure Government network for the GOJ's line ministries, a liberalized telecommunications market, and greater access to technology in all of

Jordan's rural areas. USAID's assistance also resulted in the end of the fixed-line monopoly of Jordan Telecom, with the aim of promoting greater efficiency and reducing prices. Finally, USAID promotes anti-corruption reforms through supporting the GOJ to make policymaking a transparent and participatory process, improving government procurement systems, and implementing a comprehensive e-government initiative.

In addition to providing assistance to the water, health, economic growth, education, and democracy & governance sectors in Jordan, USAID/Jordan implements a multi-year, policy-based balance of payment program which has proved to be a useful tool for legal and regulatory reform. The conditions precedent linked with the disbursement of the funds combined with directed technical assistance have strengthened the legal and regulatory environment for business growth, improved health policy, and encouraged positive change in the water sector. Examples of these achievements include the privatization of the Aqaba Water Company, accession to the Patent Cooperation Treaty and to the Madrid Agreement on International Registration of Marks, and establishment of a line item in the Ministry of Health's budget to fund annual surveillance of risk factors for chronic diseases.

USAID/Jordan's program prides itself for being an integrated program with many synergies and cross-cutting themes throughout our portfolios. First, USAID has been instrumental in establishing several public-private alliances in Jordan. For example, the large As-Samra Wastewater Treatment Plant, which serves the Amman metro area, is Jordan's first private sector build-operate-transfer project with 50 percent private sector financing. This success establishes a precedent for innovative public-private alliances in the region. Second, improving the quality of the country's workforce is another important theme cutting across USAID's programs. A unique public-private partnership between the United Nations and CISCO Systems, with support from USAID, resulted in more than 500 poor and marginalized youth (mostly women) receiving training in CISCO networking skills and other life skills needed for private sector employment. To date, more than 80 percent of graduates have found employment in the private sector. A third major cross-cutting theme for USAID's programs in Jordan is protecting the livelihoods of the poor. In this regard, collaboration with the GOJ led to the reform of Jordan's welfare agency and the establishment of a National Employment Center consolidating Jordan's employment development efforts under one agency. Finally, integration of gender considerations is a central cross-cutting theme in USAID programs. For example, health activities focus on maternal and child health and thereby include gender concerns across the board. Gender equity also plays a central role in entrepreneurship initiatives and firm-level assistance programs, particularly in microfinance.

For more information, please go to the following web address <<http://www.usaidjordan.org>>

Results Framework

278-002 Improved Water Resources Management

- IR No. 1** Stronger water sector institutions
- IR No. 2** Increased efficiency in use of water resources
- IR No. 3** Improved quality of wastewater
- IR No. 4** Audits and Evaluations

278-003 Improved Quality of Life for Jordanian Families and Communities

- IR No. 1** Improved Health Status
- IR No. 2** Improved Access, Quality and Relevant Education for Children and Youth
- IR No. 3** Strengthened Good Governance and Civic Participation in Community Development

278-005 Increased Economic Opportunities for Jordanians

- IR No. 1** Increased Access to business services
- IR No. 2** More Effective Identification and Implementation of policy reform
- IR No. 3** Improved Environment for sustained policy reform

278-007 Emergency Assistance to Jordan Special Objective

278-008 Enhanced Integrated Water Resources Management

- IR No.1** Improved Environmental Protection
- IR No.2** Optimization of Water Resources
- IR No.3** Strengthened Water Policies and Systems
- IR No.4** Improved Resources Allocation

278-009 Improved Social Sector Development and Governance

- IR No. 1** Improved Health Status for All Jordanians
- IR No. 2** Improved Education and Life Skills
- IR No. 3** Improved Governance and Expanded Civic Participation

278-010 Improved Economic Opportunities for Jordanians

- IR No.1** Transparent, Efficient and Responsive Public Sector
- IR No.2** More Effective Policy and Regulatory Reform
- IR No.3** Increased Depth of Private Sector Growth

278-011 Cash Transfer Assistance to Jordan

- IR No. 1** Improved Environment for Sustained Policy Reform
- IR No. 2** Increased Technical Capacity to implement Policy Reform